


ORIGINAL RECEIVED	_____ Passed	THIS AMENDMENT: Passed as amended by _____	 0000031366	604
	_____ Failed	_____ Not Offered		

2005 SEP 26 P 3:31

HEARING PROPOSED AMENDMENT #1

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE PREPARED: September 26, 2005

COMPANY: Chaparral City Water Co.

AGENDA ITEM NO.: U-9

DOCKET NO.: W-02113A-04-0616

OPEN MEETING DATE: Sept. 27 and 28, 2005

Page 15, Line 15,
INSERT:

"7. Depreciation Expense

The Company's application showed test year depreciation expense of \$920,648. The Company did not perform a depreciation study, but chose instead to base its depreciation rates on Staff's developed typical and customary depreciation rates (Bourassa Rb at 2, Rj. at 17). Based on its proposed plant in service amounts, the Company proposed test year adjusted depreciation expense of \$1,432,828 (Bourassa Rj. Sched. C-1, p. 1). Staff accepted the Company's use of Staff's developed typical and customary depreciation rates to calculate its proposed test year adjusted depreciation expense of \$1,365,295, based on its proposed plant in service (Moe Sb. Sched. JRM-24). RUCO disagrees with the use of Staff's developed typical and customary depreciation rates and proposes the use of a different set of depreciation rates instead, as discussed in Section XI hereinbelow. Using its proposed depreciation rates, RUCO proposed test year adjusted depreciation expense of \$1,113,339, based on its proposed plant in service amounts (Moore Dt. Sched. RLM-10, p. 1 of 2). Applying RUCO's proposed depreciation rates to the plant in service amounts approved herein would result in test year adjusted depreciation expense of approximately \$1,139,194. Consistent with our discussion of appropriate

depreciation rates in Section XI hereinbelow, we adopt test year adjusted depreciation expense of \$1,432,828, based on the plant in service amounts authorized herein and using the depreciation rates proposed by the Company and Staff.”

Page 34, Line 9,

DELETE:

“The result of using the depreciation rates RUCO recommends would reduce depreciation expense by approximately \$200,000 (Hrg. Exh. A-30)”